



A Note to Buyers and Sellers: These May Be the Best of Times!

by Ben Vestal

Typically, a real estate transaction can be described as “one party’s gain is another party’s loss.” There is, however, a very unusual situation that exists where both buyer and seller can win in a transaction. Today, the current economic climate makes this traditional confrontation more accommodating so that both buyer and seller can achieve their goals in a sales transaction without hurting the other party’s position. Clearly, these positive economics do not resolve all of the differences that may occur in a real estate transaction, but, given reasonable expectations and measure of goodwill, the current economic climate will allow buyers and sellers to more quickly find “common ground” where they can both meet their objectives.

Financing:

Most everyone would guess that today’s low interest rates would have something to do with our pleasant situation. While this probably does not come as a surprise, I believe that because of the rarity of the low interest rates, the magnitude of their impact is worth more than a cursory nod. The Fed has taken several steps over the last few years to keep interest rates low and encourage investment. This has no doubt helped the recovery of the economy and real estate values. With interest rates continuing to remain near historical lows, I believe it is worth examining what effect a modest increase

(50bp to 150bp) in interest rates might have on the Cash on Cash return that a real estate investor would receive.

Our Example:	
Revenue	\$300,000
Expenses	\$100,000
NOI	\$200,000
Cap Rate	8%
Value	\$2,500,000
Loan	\$1,875,000
Equity	\$625,000

Loan Interest Rate	Cash on Cash Return
5.50%	11.50%
6.50%	9.20%
7.00%	8%

Confidence:

It is also apparent that the hangover from the great recession is starting to subside. In general, the recession had a minimal impact on the revenues and operations of the self storage industry compared to other real estate investments. This fact

has given potential buyers and lenders the confidence and ability to move forward with acquisitions at a more aggressive pace than anyone would have guessed. This trend is also reflected in the increasing occupancies and revenues of most self storage operations along with the continued low foreclosure percentage of self storage properties. Reducing the general uncertainty in the market helps both buyers and sellers achieve their respective goals in a transaction. An increase in realistic confidence benefits both the sellers and the buyers, without a cost to either party.

Competing Investments:

Although the stock market has been up as of late, investors have been given a wild ride over the last few years. It has proven that the ups and downs of the stock market might not be for the faint of heart, especially if you are considering spending some of your money in the near future, say 1-5 years. Thus investors, large and small, are very intrigued with the real cash flow and stability of self storage investments. I believe that one of great advantages of a self storage investment is that an investor can “see” and “feel” it and easily understand the underlying business. Self storage is a lot more intuitive than a hedge fund or a commercial debt obligation, in other words, you don’t need your accountant or attorney to explain the deal to you.

All Good Things Must Come to an End:

It is my unfortunate duty to report that these unique times will come to an end. Interest rates will go up, buyers and sellers will be back to arguing over dollars, banks will once again become very difficult and the ever fragile investor confidence will once again be shaken. I wish I could predict exactly when this will happen, but I can’t. However, it has been my experience that you can’t call the top of the market because by the time you make the call, the market has passed you by. In the future both buyers and sellers will be asking themselves “why didn’t I do something in 2012?” Remember, the real estate game is all about “Carpe Diem!”

Ben Vestal, President of the Argus Self Storage Sales Network, can be reached at 800-557-8673 or bvestal@argus-realestate.com.



Property Showcase

Black Canyon City, AZ • \$1,500,000

- 441 Units
- 67,760 RSF
- 5.2 Acres
- Property is well located near I-17
- Proven revenue potential
- No local competition
- Quality construction
- Excellent street exposure



Jeff Gorden, CCIM
480-331-8880
jgorden@selfstorage.com

Ozark, MO • \$1,200,000

- 107 Units
- 45,720 RSF
- 4.83 Acres
- New facility with fast lease up history
- Outstanding curb appeal with digital sign
- Onsite office and apartment
- Office/Warehouse units with direct access



Larry Goldman, CCIM
913-339-0641
lgoldman@selfstorage.com

Macclenny, FL • \$1,725,000

- 231 Total Units
- 27,774 RSF
- 3.2 +/- Acres
- Good traffic exposure
- Rapidly growing area west of Jacksonville, FL
- Stable, growing economy to support additional expansion
- Onsite office



W. Frost Weaver
904-265-2001
fwweaver@weaver-realty.com

Rindge, NH • \$900,000

- 97 Units
- 21,072 RSF
- 9 Acres
- Located at major retail intersection for the area
- Approvals in place for 5,880 SF expansion
- Located 3 miles from Massachusetts
- Large office/showroom



Joe Mendola
603-668-7000
joe@nainorwoodgroup.com

Flowood, MS • \$3,500,000

- 270 Units
- 39,136 RSF
- 2.823 +/- Acres
- All climate control units
- Excellent, high growth location along Highway 25
- Penske truck rentals
- Expansion potential



Bill Barnhill, CCIM
Stuart LaGroue
251-432-1287
barnhill@selfstorage.com
stuart@selfstorage.com

Hugo, OK • \$1,850,000

- 2 Property Portfolio
- 392 Total Units
- 81,962 Total RSF
- 8.7 Total Acres
- Highly visible locations
- Upside potential in rents
- Room for expansion
- Resident managers



Jared Jones, CCIM
918-665-1210
jjones@bauertulsa.com



Sells Self Storage Nationwide!

Check out our current inventory of 73 properties listed in 22 states and contact the listing broker for more information or visit www.argus-selfstorage.com!

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Eight Mile	\$825,000	Bill Barnhill/Stuart LaGroue	251-432-1287
Jasper	\$1,250,000	Bill Barnhill/Shannon Barnes	251-432-1287
Mobile	\$3,800,000	Bill Barnhill/Stuart LaGroue/ Shannon Barnes	251-432-1287

Arizona

Blk Cyn City	\$1,500,000	Jeffery A. Gorden	480-331-8880
Lakeside	\$2,600,000	Jeffery A. Gorden	480-331-8880
Mesa	SOLD	Jeffery A. Gorden	480-331-8880
Strawberry	\$200,000	Jeffery A. Gorden	480-331-8880
Vernon	\$1,000,000	Jeffery A. Gorden	480-331-8880

Arkansas

Fayetteville	\$2,100,000	Larry Goldman	913-339-0641
Fort Smith	\$1,100,000	Larry Goldman	913-339-0641
Gravette	\$800,000	Larry Goldman	913-339-0641
Siloam Springs	\$1,515,000	Larry Goldman	913-339-0641

California

Chester	\$299,900	Tom de Jong	408-282-3829
Fairfield	\$8,100,000	Tom de Jong	408-282-3829
Orland	\$2,099,000	Tom de Jong	408-282-3829
Vallejo	Make Offer	Tom de Jong	408-282-3829

Colorado

Cortez	\$1,250,000	Joan Lucas	720-855-6587
Monument	SOLD	Joan Lucas	720-855-6587

Florida

Live Oak	\$599,999	John W. Hill	386-362-3300
Macclenny	\$1,725,000	W. Frost Weaver	904-265-2001
Wildwood	\$849,000	Reggie Caruthers	352-748-1182
Wildwood	\$799,000	Reggie Caruthers	352-748-1182

Georgia

Canton	\$300,000	Bill Barnhill/Allen Barnhill	770-487-9006
Canton	\$650,000	Bill Barnhill/Allen Barnhill	770-487-9006

Illinois

Crete	\$400,000	Bruce Bahrmassel	312-518-3550
Freeport	\$1,290,000	Bruce Bahrmassel	312-518-3550
Metamora	\$1,499,000	Bruce Bahrmassel	312-518-3550

Maryland

Baltimore	\$2,300,000	Grady Riggs	301-468-0606
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Michigan

Albion	\$370,000	Jim Soltis	810-494-2062
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Mississippi

Flowood	\$3,500,000	Bill Barnhill/Stuart LaGroue	251-432-1287
Meridian	\$2,795,000	Bill Barnhill/Stuart LaGroue	251-432-1287
Vancleave	\$499,000	Bill Barnhill/Shannon Barnes	251-432-1287
Vicksburg	\$550,000	Bill Barnhill/Shannon Barnes	251-432-1287

Missouri

Farmington	\$2,950,000	Larry Goldman	913-339-0641
Mount Vernon	\$1,170,000	Larry Goldman	913-339-0641
Ozark	\$1,200,000	Larry Goldman	913-339-0641
Sedalia	\$775,000	Larry Goldman	913-339-0641
St. Joseph	\$650,000	Larry Goldman	913-339-0641

New Hampshire

Claremont	\$305,000	Joe Mendola	603-668-7000
Rindge	\$900,000	Joe Mendola	603-668-7000

New Jersey

Pemberton	\$975,000	Linda Cinelli	908-722-5661
Pennsauken	\$1,300,000	Linda Cinelli	908-722-5661

New Mexico

Las Cruces	\$625,000	Noel Woodwell	915-491-9610
Santa Fe	\$3,250,000	Joan Lucas/ David Etzold & Noel Woodwell	720-855-6587 915-845-6006

New York

Hicksville	\$4,200,000	Linda Cinelli	908-722-5661
Islip	\$3,400,000	Linda Cinelli	908-722-5661
Lynbrook	\$2,550,000	Linda Cinelli	908-722-5661
Middletown	\$450,000	Linda Cinelli	908-722-5661
Peekskill	\$8,000,000	Linda Cinelli	908-722-5661
Port Jervis	\$1,600,000	Linda Cinelli	908-722-5661
Yorktown Hgts	\$2,750,000	Linda Cinelli	908-722-5661

North Carolina

Chapel Hill	\$3,650,000	N.J. "Joey" Godbold	704-632-1027
Statesville	\$695,000	N.J. "Joey" Godbold	704-632-1027

Oklahoma

Commerce	\$585,000	Larry Goldman/ Jared Jones	913-339-0641 918-665-1210
Hugo	\$1,850,000	Jared Jones	918-665-1210
Tulsa	\$1,180,000	Jared Jones	918-665-1210

Pennsylvania

Bechtelsville	\$1,350,000	Chuck Shields	610-828-0100
Glen Mills	Call Broker	Chuck Shields	610-828-0100
Matamoras	\$1,100,000	Linda Cinelli	908-722-5661
Olyphant	\$850,000	Chuck Shields	610-828-0100

South Carolina

Camden	\$895,000	N.J. "Joey" Godbold	704-632-1027
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Texas

Canutillo	\$575,000	David Etzold	915-845-6006
Canutillo	\$625,000	David Etzold	915-845-6006
Flint	\$599,000	Richard Minker/TylerTrahant	817-335-5600
Forest Hill	\$2,450,000	Richard Minker/TylerTrahant	817-335-5600
Gonzales	\$3,200,000	Bill Brownfield	713-366-3134
Horizon City	\$350,000	Noel Woodwell	915-491-9610
Houston	\$1,800,000	Bill Brownfield	713-366-3134
Houston	\$950,000	Bill Brownfield	713-366-3134
Katy	Call Broker	Bill Brownfield	713-366-3134
Missouri City	\$2,500,000	Bill Brownfield	713-366-3134
Richmond	\$1,850,000	Bill Brownfield	713-366-3134
San Antonio	Call Broker	Bill Brownfield	713-366-3134
TX Portfolio	Call Broker	Richard Minker/TylerTrahant	817-335-5600

Wisconsin

Egg Harbor	\$289,000	Chris Hitler	262-236-0612
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Congratulations to **Jeff Gorden, CCIM** of Eagle Commercial Realty Services on the **SALE** of A Secured Self & Vehicle Storage II in Mesa , AZ! Jeff can be reached at 480-331-8880 for details!



Congratulations to **Joan Lucas** of Joan Lucas Real Estate Services, LLC on the **SALE** of Front Range Self Storage in Monument, CO! Joan can be reached at 720-855-6587 for more information!

You're invited to join Argus for a free Webinar that will give you valuable insight into the current self storage market!

"Navigating the Self Storage Transaction Market"

Date: Tuesday, May 22, 2012

Time: 2:00pm Eastern

Cost: Free

Call 800-557-8673 for more information or [Click Here](#) to register for the Webinar!



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